Industria De Diseno Textil, SA v Edition Concept Sdn Bhd

HIGH COURT (KUALA LUMPUR) — SUIT NO D5–22–1928 OF 2003
RAMLY ALI J
25 JANUARY 2005

Trade Marks — Registered trade marks — Expungement — Trade Marks Act 1976 s 45(1)(a)

Trade Marks — Registered trade marks — Expungement — Confusion and deception — Whether trade wrongfully entered in register — Whether period of non-use must be continuous — Trade Marks Act 1976 s 46(1)(b)

The plaintiff applied for registration of the trade mark 'ZARA' in Malaysia on 3 August 1998. As at that date, there was no prior use or application by any other party for the same mark in the same class of services. The mark was subsequently registered and placed on the Register of Trade Marks on 5February 2002. The defendant, however, argued that they had since September 1999 used and/or promoted and made their mark 'ZARA' well-known in Malaysia. They also contended that, the use of the mark 'ZARA' by them was before the approval of the registration of the plaintiff's 'ZARA' mark on 5 February 2002 and prior to the use of the 'ZARA' mark by the plaintiff in Malaysia. On the above premise, the defendant filed an application for an order to set aside and expunge the plaintiff's trade mark 'ZARA' from the Malaysian Register of Trade Marks. The defendant relies on s 45(1)(a) of the Trade Marks Act 1976 ('the Act') read together with s 14(1)(a) and (d) of the Act; and also s 46(1)(b) of the Act.

Held, dismissing the defendant's application with cost:

(1) The correct date to be looked at in: (i) determining 'confusion' and 'deception' for the purpose of s 14(1)(a) of the Act; and (ii) considering when and whether the defendant's trade mark is well-known as to bar the registration of the plaintiff's trade mark under s 45(1)(a), is at the time of the trade mark's original registration, ie 3 August 1998, when the plaintiff filed their application (see paras 10 and 15).

(2) The defendant never disputed that the plaintiff in applying for the mark in Malaysia had the right to do so under s 25 of the Act. As at the date of registration of the mark (3 August 1998), the defendant had not yet started to use their 'ZARA' mark. Any alleged use of the 'ZARA' mark by the defendant was made well after this date ie in early 1999, which was unsupported by evidence; or September 1999, both of which are clearly much later than the date of registration (3 August 1998). Therefore, this ground of rectification of confusion and deception must fail (see para 14).

(3) The defendant failed to adduce any evidence to show that their trade mark was 'well-known in Malaysia' as at the date of original registration of the plaintiff's trade mark. Any alleged use of the mark by the defendant was made well after this date — ie in early 1999 or September 1999. Therefore, this ground of rectification of the plaintiff's trade mark for being wrongfully entered or entry made without sufficient cause due to well-known nature of the defendant's mark must also fail (see para 15).

(4) The plaintiff's trade mark 'ZARA' should be allowed to remain on the register, as the defendant has failed to show any instances of confusion or deception, least of all of members of the public who think that the plaintiff's goods are in fact the defendant's or any blameworthy conduct on the part of the plaintiff whatsoever (see para 19).

(5) Further, the removal of the trade mark six years after its registration and 1 1/2 years after the opening of the first of the plaintiff's three stores bearing the trade mark in Malaysia would also cause undue hardship on the plaintiff, after having invested a substantial amount of time, effort and money in protecting the trade mark (see para 32).

(6) In the instant case, the required three years period of 'non-use' pursuant to s 46(1)(b) was not fulfilled, as not only there has not been a continuous period of three years from the date of its actual registration during which the mark has not been used, the plaintiff has started using the mark 10 months before the rectification proceedings were filed by the defendant. Therefore, the defendant has failed to substantiate their claim for rectification of the plaintiff's trade mark 'ZARA' under s46(1)(b) of the Act (see paras 39–41).

[**Bahasa Malaysia summary**

Plaintif memohon pendaftaran tanda niaga 'ZARA' di Malaysia pada 3 Ogos 1998. Setakat tarikh tersebut, tiada sebarang penggunaan terdahulu atau permohonan dari mana-mana pihak untuk tanda yang sama di dalam kelas yang sama. Tanda tersebut kemudiannya didaftarkan dan diletak di dalam Daftar Tanda Niaga pada 5 Februari 2002. Defendan, sebaliknya menghujahkan yang mereka telah dari September 1999 menggunakan dan/atau mempromosikan dan menjadikan tanda 'ZARA' mereka terkenal di Malaysia. Mereka juga mendakwa bahawa mereka menggunakan tanda 'ZARA' sebelum kelulusan pendaftaran tanda 'ZARA' plaintif pada 5 Februari 2002 dan sebelum plaintif menggunakan tanda 'ZARA' di Malaysia. Berdasarkan premis tersebut, defendan memfailkan permohonan untuk satu perintah membatalkan dan memadamkan tanda niaga 'ZARA' plaintif dari Daftar Tanda Niaga Malaysia. Defendan bergantung kepada s 45(1)(a) Akta Tanda Niaga 1976 ('Akta tersebut') dibaca bersama dengan s 14(1)(a) dan (d) Akta tersebut; dan juga s 46(1)(b) Akta tersebut.

Diputuskan, menolak permohonan defendan dengan kos:

(1) Tarikh yang betul dalam: (i) memutuskan 'kekeliruan' dan 'penipuan' bagi tujuan s 14(1)(a) Akta tersebut; dan (ii) memutuskan bila dan sama ada tanda niaga defendan terkenal bagi membolehkan ia menghalang pendaftaran tanda niaga plaintif di bawah s 45(1)(a), ialah pada masa pendaftaran tanda niaga tersebut iaitu 3 Ogos 1998, apabila plaintif memfailkan permohonan mereka (lihat perenggan 10 dan 15)

(2) Defendan tidak pernah menyangkal hak plaintif memohon tanda niaga tersebut di Malaysia di bawah s 25 Akta tersebut. Sejak dari tarikh pendaftaran tanda tersebut (3 Ogos 1998), defendan belum lagi menggunakan tanda 'ZARA' mereka. Sebarang dakwaan penggunaan tanda 'ZARA' oleh defendan dibuat selepas tarikh ini iaitu pada awal 1999, yang tidak disokong oleh keterangan; atau September 1999, kedua-dua jelas kemudian dari tarikh pendaftaran (3 Ogos 1998). Oleh yang demikian, alasan ini tidak terpakai bagi menyokong pembetulan kekeliruan dan penipuan (lihat perenggan 14).

(3) Defendan gagal mengemukakan sebarang keterangan yang menunjukkan bahawa tanda niaga mereka 'terkenal di Malaysia' pada tarikh pendaftaran tanda niaga plaintif. Sebarang dakwaan penggunaan tanda niaga oleh defendan dibuat selepas dari tarikh ini — iaitu awal 1999 atau September 1999. Oleh yang demikian, alasan bagi menyokong pembetulan tanda niaga plaintif atau dasar kemasukan yang salah atau kemasukan dibuat tanpa sebab yang mencukupi juga mesti gagal (lihat perenggan 15).

(4) Tanda niaga 'ZARA' plaintif wajar dibiarkan di dalam daftar kerana defendan gagal menunjukkan sebarang kejadian kekeliruan atau penipuan, terutama sekali di kalangan orang awam yang terkeliru barangan plaintif dengan barangan defendan atau terdapat sebarang perbuatan salah pada pihak plaintif (lihat perenggan 19)

(5) Selanjutnya, pemadaman tanda niaga selepas enam tahun pendaftaran dan 1½ tahun selepas pembukaan kedai pertama dari tiga buah kedai plaintif yang menggunakan tanda niaga tersebut di Malaysia juga akan menyebabkan kesulitan yang tidak patut terhadap plaintif, selepas melaburkan masa, tenaga dan wang yang banyak di dalam melindungi tanda niaga tersebut (lihat perenggan 32).

(6) Dalam kes semasa, tempoh tiga tahun 'tidak guna' di bawah s 46(1)(b) tidak dipenuhi, kerana tidak terdapat tempoh tiga tahun yang berterusan dari tarikh pendaftaran yang sebenar di mana tanda tersebut tidak digunakan. Plaintif telah mula menggunakan tanda tersebut 10 bulan sebelum prosiding pembetulan difailkan oleh defendan. Oleh yang demikian, defendan telah gagal untuk mengesahkan tuntutan mereka untuk pembetulan tanda niaga 'ZARA' plaintif di bawah s 46(1)(b) Akta tersebut (lihat perenggan 39–41).]

Notes

For cases on expungement, see 12 *Mallal's Digest* (4th Ed, 2002 Reissue) paras 1866–1881.

Cases referred to

Bon Matin TM [1989] RPC 537 (refd)
Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd [1997] 4 MLJ 360 (refd)
GE Trade Mark [1973] RPC 297; [1972] 2 All ER 507; [1972] 1 WLR 729 (refd)
HTX International Pty Ltd v Senico Pty Ltd [1983] 49 ACR 636 (refd)
Hunter Douglas Australian Pty Ltd v Perma Bhands (1969) 122 CLR 49 (refd)
J Lyons & Co Ltd Appn [1959] RPC 120 (refd)
Karrimor International Ltd v Ho Choong Fun t/a Ah Hwa Trading Co [1989] 3 MLJ 467 (refd)
Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7 (refd)
Phontom Trade Mark [1978] RPC 245 (refd)
Ronuk Ltd v Sin Thye Hin & Co [1962] MLJ 383 (refd)
Seven Up Co, The v OT Ltd (1947) 75 CLR 211 (refd)
Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504 (refd)

Legislation referred to

Trade Marks Act 1938 [UK] s 68
Trade Marks Act 1976 ss 3, 14(1)(a), (d), 45(1)(a), 46(1)(b)

Adhuna Kamarul Ariffin (Bustamam) for the plaintiff.
YY Ho (YY Ho & Assoc) for the defendant.

Ramly Ali J:

[1] Enclosure 13 is the defendant's notice of motion dated 4 March 2004 applying for an order to set aside and expunge the plaintiff's trade mark 'ZARA' from the Malaysian Register of Trade Marks on the ground that they have used and made their 'ZARA' mark well-known in Malaysia in respect of clothing before the approval of the plaintiff's trade mark.

FACTUAL BACKGROUND

[2] The plaintiff is the head of a corporate group involved mainly in clothing and accessories business, with different concept cloth-stores under various brand names including 'ZARA'. The plaintiff is the owner of the mark 'ZARA', having first used the mark in trade in Spain since July 1975 under various different business collaborations and in at least 42 other countries in over 561 points of sales worldwide since then. Among the main attributes of the plaintiff's 'ZARA' brand is their 'ZARA' concept layout and their lack of conventional

advertising, which is well-known in the trade. Publicity of the plaintiff's 'ZARA' brand relies mainly on word-of-mouth recommendation, the respective store's location, distinctive layouts, window displays and media coverage. The plaintiff's 'ZARA' mark is also the subject of numerous trade mark applications and registrations in 123 countries worldwide since as early as 1978. The plaintiff has a system for their 'ZARA' stores which other companies attempt to emulate, and their business model for their 'ZARA' stores has been the subject of study in various universities and the industry. It is the plaintiff's policy to apply for and secure trade mark protection in countries which they intend to expand their market prior to opening their stores in such countries. The plaintiff's 'ZARA' mark has also obtained a certificate of renown from the *Association Nacional Para La Marca* (the National Association for the Defence of Trade Marks (ANDEMA) in Spain which certifies that the plaintiff's mark 'ZARA' is a very well-known trademark in all areas beyond their specific area of trade.

[3] The plaintiff had on 3 August 1998 applied for registration of the trade mark No 98–09032 'ZARA' in respect of retail services in Malaysia. As at this date, there was no prior use or application by any other party for the same mark in the same class of services. Upon acceptance by the Registrar, the mark was advertised in the Government gazette (for purposes of apposition by third parties) and no apposition being lodged against the stipulated time. The mark was subsequently registered and placed on the Register of Trade Marks on 5 February 2002.

[4] The defendant, on the other hand, is a locally incorporated company doing business in Malaysia. The defendant has been using the mark/name 'ZARA' in respect of their clothing retail stores and for goods made available at the stores layout similar to the plaintiff's layout for their 'ZARA' stores. The defendant claimed that they have since September 1999 used and/or promoted and made their mark 'ZARA' (allegedly an abbreviation for 'Zaman Aneka Reka Asli') well-known in Malaysia in respect of fashion and clothing. The defendant also claimed that the use of the mark 'ZARA' by them was before the approval of the registration of the plaintiff's 'ZARA' mark in Class 35 on 5 February 2002. Such use, was also before the use of the 'ZARA' mark by the plaintiff in Malaysia.

APPLICABLE LAW

[5] In their application to remove and expunge the plaintiff's trade mark 'ZARA' from the Register of Trade Marks, the defendant relies on s 45(1)(a) of the Trade Marks Act 1976 (the Act) read together with s 14(1)(a) and (d) of the same Act; and also s 46(1)(b) of the Act.

[6] For ease of reference s 45(1)(a) is reproduced below:

Section 45

(1) Subject to the provisions of this Act:

(a) the court may on the application in the prescribed manner of any aggrieved person by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit;

[7] Section 14(1)(a) and (d) is also reproduced below:

Section 14

(1) A mark shall not be registered as a trade mark:

(a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;

(b) …;

(c) …;

(d) if it is identical with or so nearly resembles a mark which is well-known in Malaysia for the same goods or services of another proprietor.

[8] The defendant's submissions seems to base their rectification of the plaintiff's trade mark under s 45(1)(a) for being wrongfully entered in the register either on the ground of s 14(1)(a) or (d) of the Act.

[9] Under s 14(1)(a), a mark shall not be registered as a trademark if the use of which is likely to deceive or cause confusion to the public or would be contrary to law. Where confusion and deception under s 14(1)(a) is alleged as a ground for rectification of a mark wrongfully entered, the burden of proving such confusion and deception is upon the applicant in the rectification proceedings (in the present case is the defendant).

(See Teo Bong Kwang *Trade Mark Law and Practice in Malaysia* (2001) at p 201; and *Ronuk Ltd v Sin Thye Hin & Co* [1962] MLJ 383.)

[10] In the Singapore case of *Ronuk Ltd v Sin Thye Hin & Co* the Singapore Court had to decide the issue of confusion and deception for purposes of Singapore's corresponding s 45(1)(a) for rectification and the date at which the possibility of such confusion and deception was considered was as at the date of the original registration ie when the application for registration was first filed at the Registry of Trade Marks. This court is in full agreement with the decision in *Ronuk Ltd v Sin Thye Hin & Co* on this issue ie the correct date to be looked at in determining confusion and deception for the purpose of s14(1)(a) of the Act is at the time of its original registration (ie 3 August 1998 when the plaintiff filed their application).

[11] This is in line with the provisions of s 30 of the Act which provides that a mark so registered 'shall be registered as at the date of application, and that date shall be deemed to be the date of registration'.

[12] Section 36 of the Act states that the fact that a person is registered as the proprietor of the trade mark shall be prima facie evidence of the validity of the original registration.

(See *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7; Article by Tay Pek Son — 'Infringement of Trade Marks under the Trade Marks Act 1976' (1996) 23 JMCL 79 at p 80; Teo Bong Kwang's *Trade Mark Law and Practice in Malaysia* (2001) at p 239.)

[13] Lord Diplock in *GE Trade Mark* (1973) RPC 297; (1972) 2 All ER 507; (1972) 1 WLR 729 (HC) had also expressed the same view that the fact that a mark is entered upon the Register is *prima facie* evidence of the validity of the original registration and of the right of the registered proprietor to the exclusive use of the mark. The burden is on the applicant (defendant in this case) to show that the said trade mark was wrongly entered in the register.

[14] In the present case, the defendant has not at any point disputed that the plaintiff in applying for the mark on 3 August 1998 in Malaysia had the right to do so under s 25 of the Act. As at the date of registration of the mark, (3 August 1998) the defendant had not yet started to use their 'ZARA' mark. Any alleged use of the 'ZARA' mark by the defendant was made well after this date ie in early 1999 (which is not supported by evidence) or September 1999, both of which are clearly much later than the date of registration (3 August 1998). Therefore, this ground of rectification of confusion and deception must fail.

[15] Section 14(1)(d) prohibits registration as a trade mark if it is identical with or so nearly resembles a mark which is well-known in Malaysia for the same goods or services of another proprietor. Again, the court is of the view that the time or date for consideration when and whether the defendant's trade is well-known as to bar the registration of the plaintiff's trade mark under s 45(1)(a) reads together s 14(1)(d) for being wrongly entered is as at the date of original registration ie 3 August 1998 following the decision in *Ronuk Ltd v Sin Thye Hin & Co* [1962] MLJ 383 and a logical interpretation of s 45(1)(a) read together with s 14(1)(d). In the present case, the defendant has failed to adduce any evidence to show that their trade mark was 'well-known in Malaysia' as at 3 August 1998, the date of original registration of the plaintiff's trade mark or at any time. At that time the defendant had not yet started using the said trade mark. Any alleged use of the mark by the defendant was made well after this date — ie in early 1999 or September 1999. Therefore, this ground of rectification of the plaintiff's trade mark for being wrongfully entered or entry made without sufficient cause due to well-known nature of the defendant's mark must also fail.

[16] Besides these two grounds, the defendant has not forwarded any other grounds to show that the plaintiff's trade mark was wrongfully entered in the Register or being an entry made without sufficient cause, at the time of the original registration as at 3 August 1998.

[17] Section 45(1)(a) also empowers the court to expunge or vary a trade mark (which was properly entered in the Register) as wrongfully remaining in the Register. In the case of *GE Trade Mark* the House of Lords held that to expunge a mark (which was properly entered in the Register) as wrongfully remaining in the Register on the ground that the mark has become deceptive or confusing as a result of events occurring after initial registration, the applicant for rectification must show that such results came about because of some blameworthy conduct on the part of the registered proprietor, Lord Diplock summarised the position as follows:

> (1) The fact that a mark is entered upon the Register is *prima facie* evidence of the validity of the original registration and of the right of the registered proprietor to the exclusive use of the mark, subject however to the rights of concurrent user by any registered proprietor of an identical mark or one nearly resembling it.
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> (2) If the mark likely to cause confusion at the time when it was first registered, it may be expunged from the Register as an 'entry made in the Register without sufficient cause, unless the proprietor of the mark at that time would have been entitled to have it entered on the Register by reason of its honest concurrent use of the mark as a trade mark before the original registration of the mark.
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> (3) If the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between that date and the date of application to expunge it, the mark may not be expunged from the Register as an entry wrongly remaining on the Register, unless the likelihood of causing deception resulted from some blameworthy act of the registered proprietor.
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> (4) Where a mark is liable to be expunged under (2) or (3), the court has a discretion whether or not to expunge it and as to any conditions or limitations to be imposed in the event of its being permitted to remain on the Register.

[18] This position was adopted by our Court of Appeal in *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7.

[19] In the present case, in absence of any proof by the defendant of confusion and deception or the well-known nature of their trade mark at the time of original registration of the plaintiff's trade mark on 3 August 1998,

A the court has no hesitation to hold that the plaintiff's trade mark was correctly and properly entered in the Register. Having been properly entered, in order to secure the removal of the said trade mark, the defendant must now show not only a likelihood of deception but that such likelihood came about because of some blameworthy act of the plaintiff as the registered proprietor
B of the said mark. The defendant has failed to show any instances of confusion or deception, least of all of members of the public who think that the plaintiff's goods are in fact the defendant's or any blameworthy conduct on the part of the plaintiff whatsoever.

[20] The defendant in their submissions had referred to certain cases in
C support of their application under s 45(1). The case of *Lim Yew Sing v Hummel International Sports & Leisure A/S* was cited in support of the defendant's contention that it is not unlawful for a Malaysian trader to become the registered proprietor of a foreign trade mark provided that the foreign mark had not yet been used in Malaysia.

D **[21]** With respect, although similarly were the situation involved a local trader, a foreign trader and a foreign mark that is 'not used', the decision in that case (*Lim Yew Sing v Hummel International Sports & Leisure A/S*) is limited to its particular facts and must be distinguished. In that case, the local trader had applied for and obtained registration of a mark allegedly similar to a mark
E belonging to a foreign company. However, as there was no evidence that the foreign company had used the mark earlier in the country, and baring any evidence of fraud on the part of the local trader in selecting the mark, the local trader's registration was upheld. Similarly as the Australian case of the *The Seven Up Co v OT Ltd* (1947) 75 CLR 211, referred to in *Lim Yew Sing v Hummel*
F *International Sports & Leisure A/S* the local trader had applied for registration of a mark similar to the foreign trader's mark, before the use by the foreign trader of that mark in Australia. In that case, the foreign company's action for rectification of the registered local mark also failed.

[22] In the present case, the situation is quite different. It is not a matter of
G a local trader being deprived of it's *bona fide* registration at the hands of a foreign corporation, as the defendant made it out to be. On the contrary, it is the foreign plaintiff that had made their trade mark application to protect their 'ZARA' mark in Malaysia in 1995 and 1998 prior to the use by the defendant of a similar mark. The defendant had not shown (nor is it an issue)
H that these prior applications by the plaintiff were made in bad faith.

[23] In *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd* [1997] 4 MLJ 360 also cited as authority by the defendant, although there was indeed a valid registration by a local trader, the matter turned on the issue of common law ownership simply because as at the time of registration of the mark, both the local
I proprietor and the applicant for rectification had started using their respective marks. On those very specific facts, the ownership of the mark belonged to the one who used the mark first.

[24] Neither of these Malaysian cases cited by the defendant is authority to say that a local trader who uses a mark after the *bona fide* registration a foreign company of a trademark in Malaysia (as of the application date pursuant to s30 of the Act) has better rights than the registered proprietor, which is what the defendant appears to be saying.

[25] In the present case, the plaintiff made their application for registration of the trade mark on 3 August 1998. The defendant's alleged use of the said trade mark began sometimes in September 1999 – ie after the plaintiff's application for registration was filed.

[26] The defendant should have inspected the Register before using the same mark in their business. If the defendant, who has allegedly spent a large amount of money in building their business has conducted a simple trade mark search before starting to use their trade mark in Class 1 and Class 25, they would have had notice of the plaintiff's 'ZARA' applications in the same classes applied earlier. In this regard, the court is in full agreement with the judgment of RK Nathan JC (as he then was) in the case of *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504; [1997] 1 CLJ Supp 52 at p 73. In that case, where similarly the respondent for rectification applied for and started using a similar mark after the date of application of the trade mark but before the actual entry of the applicant as the proprietor of that trade mark, the judge was of the view:

> With regard to the issue raised by the respondent that from the time the mark is applied for till the mark is finally registered being a period which allows the Registrar of Trade Marks to examine the mark, and which period was termed as a period of uncertainty, I hold that the respondent should have inspected the Register before applying for its trade mark on 18 February 1987. Had they done so they would have received the particulars of the applicant's trade mark and would have been able to act accordingly.

[27] His Lordship also referred to the case of *HTX International Pty Ltd v Senico Pty Ltd* (1983) 49 ACR 636 at page 644 where Fox J said:

> encouragement should not be given to the trader who fails to search it...

[28] The power of the court to remove a registered trade mark from the Register based on s 45 in entirely discretionary, even if the applicant for rectification has proved the grounds for such rectification. Section 45(1)(a) clearly provides that 'the court may on application of any aggrieved person, make such order for expunging such entry as 'it thinks fit'. It is not obligatory or mandatory for the court to make such an order even if the applicant has proved it's case under the section. The court has a discretion whether to rectify the Register in the light of the circumstances of the case. The discretion must be exercised judiciously. Public interest should be taken into account when determining whether to rectify the Register.

(See *Karrimor International Ltd v Ho Choong Fun t/a Ah Hwa Trading Co* [1989] 3 MLJ 467). In that case (*Karrimor*) the court held that it always has a discretion under s 39 of the Singapore Trade Mark Act whether to rectify the Register or not in the light of the circumstances of the case. It was also held that the demerits of the applicant who moves for rectification are irrelevant to the question at least whether a likelihood of confusion is established. In such circumstances, the court further held that the question is not between the applicant on the one hand and the registered proprietor on the other, but between the public and the respondent.

[29] In *J Lyons & Co Ltd Appn* (1959) RPC 120 at p 130, Evershed MR said:

> The discretion in the proviso should, in my judgment, be exercised in a matter of common sense — 'in the business sense' ...in the light of all the circumstances of the case, which will, of course, include the nature of the mark itself and the relevant business history of the applicant's and the registered proprietor respectively.

[30] The court is also in full agreement with Abdul Malik Hj Ishak J in the case of *Fazaruddin bin Ibrahim* when he ruled:

> It is a correct statement of the law to say that the court's powers to order rectification of the Register and expunging of a trade mark under ss 45(1)(b) and 45(1)(a) of the Trade Marks Act 1976 respectively are discretionary in nature. This is the natural and ordinary meaning of the words employed in these sections and it promotes the underlying policy of the Trade Marks Act 1976 by investing in the court a sufficient degree of flexibility in order to give effect to public interest considerations. Thus, the existence of a discretion to withhold relief even if a ground for rectification or removal has been made out is now well settled by authority.

[31] In the case of *Tiga Gajah Cho Heng Sdn Bhd* in exercising discretion whether or not to allow a registered mark to remain, RK Nathan JC (as he then was) referring to the decision in *Phontom Trade Mark* (1978) RPC 245, took into account, among others, the elements of the good faith of the applicant; the genuine interest in the mark; long use of the mark; the applicant's reliance on the action of the Registrar; the evidence of deception and confusion; and the public interest.

[32] In the present case, it has already been shown above that the trade mark was not wrongly entered on the Register because as at 3 August 1998, there were no existing circumstances to prevent the entry of the plaintiff's mark on the Register. The plaintiff has shown good faith as well as genuine interest in the trade mark, by making early applications for its protection in Malaysia. Following from the registration, the plaintiff has also commenced use of the trade mark in Malaysia in good faith ten months prior to the defendant's application for its removal. There is also no evidence adduced by the defendant of any instances of confusion or deception, or any blameworthy conduct on the part of the plaintiff. Removal of the trade mark six years after its registration and 1½ years after the opening of the first of the plaintiff's

three stores bearing the trade mark in Malaysia would also cause undue hardship on the plaintiff, after having invested a substantial amount of time, effort and money in protecting the trade mark. Having regard to all the circumstances of the case, the plaintiff's trade mark 'ZARA' should, in the exercise of the court's discretion, be allowed to remain on the register.

[33] The defendant in their submission, included a ground of 'non-use' of the mark under s 46(1)(b) of the Act as a new ground for rectification of the Register. For ease of reference, the relevant part of s 46(1)(b) is reproduced below:

> Section 46
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> (1) Subject to this section and to s 57, the court may on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any goods of services in respect of which it is registered on the ground:
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> (b) that up to one month before the date of application a continuous period of not less an three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

[34] For s 46(1)(b) to have any application, the trade mark must have not been used for a continuous period of three years plus one month as at 3March 2004, the date the application for rectification was filed by the defendant. The relevant period of 'non-use' would be from 3 February 2001 (ie approximately three years and one month prior to the application for rectification).

[35] Section 46(1)(b) provides for a continuous period of not less than three years during which the trade mark was a registered trade mark

[36] Section 3 of the Act provides that a registered trade mark means a trade mark which is actually upon the Register. In the present case the plaintiff's trade mark 'ZARA' was actually entered on the Register on 5 February 2002. Therefore, the period of three years under s 46(1)(b) should run from the date of actual registration (on 5 February 2002) and not the date of application (on 3 August 1998).

[37] As to when the three years period is to start, either from the date of application of the registered mark or the date the mark is actually placed on the Register, according to Teo Bong Kwang in his book *Trade Mark Law and Practice in Malaysia* (at p 212):

> the better view seems to be that the three years period should be reckoned from the date when the mark is entered into the Register in view of the definition of registered mark found in s 3 which provides that a registered trade mark means a trade mark which is actually upon the Register.

[38] Reference was made to the English case of *Bon Matin TM* [1989] RPC 537 where, in interpreting the corresponding UK legislation on removal of trade mark for 'non-use' the court found that on a construction of the relevant wordings of the UK Trade Marks Act 1938, in particular s 68 (which is *pari material* with our s 3), a registered trade mark is 'a trade mark which is actually upon the Register', and therefore for removal for 'non-use', the mark must not have been used in good faith for not less than three years from the date it was actually placed on the Register, and not for the date of application for registration. The learned author of *Kerly's Law of Trade Marks and Trade Names*, (12th Ed) at p 192 has also expressed the view that the relevant period would seem to begin with the actual date of making the entry on the Register.

[39] The defendant on the other hand is relying on the Australian case of *Hunter Douglas Australian Pty Ltd v Perma Bhands* (1969) 122 CLR 49, which states that the three years period may start to run before the mark is actually on the Register — ie the date of application for registration. The court is of the view that the decision on that case (*Hunter Douglas*) may not be applicable in interpreting our s 46(1)(b) of the Act and the definition of the words 'registered trade mark' in s 3 of the Act. The laws or statutory provisions under which the decision in *Hunter Douglas* was rendered differ significantly from the UK and Malaysia provisions. Both the UK and Malaysia laws, in addition to deeming the date of application of the trade mark as the date of registration (as does the Australian legislation), also additionally defines a registered mark as 'a mark which is actually on the Register'. These additional provisions are not present in the corresponding Australian legislation. The relevant Australian section merely reads 'a trademark which is registered under the Act'. The case of *Hunter Douglas* therefore, while correct in its own right, should not be applicable to the Malaysian position. The UK Court in *Bon Matin TM* in fact fully considered the case of *Hunter Douglas* and distinguished it, on the basis of the differences in the wordings of the respective Acts. As the Malaysian Trade Marks Act 1976 is essentially identical to the UK Trade Marks Act 1938, the decision in *Bon Matin TM* is therefore preferred, with the relevant date to calculate the three years period of 'non-use' to run from the date the mark was actually entered on the Malaysian Register of Trade Marks, which (in the present case) was at the date of the issuance of the certificate of registration on 5 February 2002, and not form the date of application for registration on 3 August 1998.

[40] Following the above calculation, the required three years period of 'non-use' pursuant to s 46(1)(b) as alleged by the defendant is not fulfilled, as not only has there not been a continuous period of three years from the date of its actual registration during which the mark has not been used, the plaintiff has started using the mark 10 months before the rectification proceedings were filed by the defendant (encl 13).

[41] Therefore, on that ground, the court is of the view that the defendant has failed to substantiate their claim for rectification of the plaintiff's trade mark 'ZARA' under s 46(1)(b) of the Act and the application must fail.

CONCLUSION

[42] For reasons adumbrated above, the court is satisfied that the defendant has failed to fulfill the requirements under s 45(1)(a) as well as s 46(1)(b) of the Trade Marks Act 1976 to support their application to expunge or remove the plaintiff's trade mark 'ZARA' from the Register of Trade Marks. Therefore the defendant's application (vide encl 13) is dismissed with costs.

Application dismissed.

Reported by Izzaty Izzuddin